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Joint Master in Global Economic Governance
& Public Affairs

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Seminar: 28 hours = 5 ECTS

140 questions & answers
Country Risk & Governance Quizz 2022-23

SESSION 1: INTRODUCTION

Quiz 1- - Warming up: 15 + 1 questions to test your Country Risk knowledge

Q1: Your investment strategy aims at the country with the highest GDP per capita ppp. Which country boasts the largest per capita income currently in 2022?

- **Tunisia $10258**
- **Vietnam $7867**
- **Morocco $7303**

Q2: Goldman Sach's chief economist Jim O'Neill came up with the concept of BRICS in a 2001 research paper. The acronym stands for Brazil, Russia, India, and China, to which South Africa was added more recently. Clearly, these five fast growing countries share a lot of economic, financial, and institutional similarities!

- *True*
- ***False***

Q3: The "Paris Club" is a forum of Debt restructuring negotiations between developing countries and OECD developed country governments

- ***True***
- *False*

Q4: Economic liberalization leads to rising trade openness ratio (trade flows/GDP) in most developing countries. In addition, trade liberalization coupled with financial deregulation leads to socio-economic development and shrinking wealth gap.

- *True*
- ***False***

Q5: The share of developing countries in global GDP is gradually rising and today reaches nearly 60% compared to only 40% for so-called 38 "advanced developed countries" of the OECD, on a PPP basis.

- ***True***

- *False*

Q6: Socio-political volatility risk and Global income inequality: After declining in the first half of the 20th century, income inequality made a comeback since the mid-1980s in many developed countries. The share of top 1 percent in income distribution reaches nearly 20% currently.

- ***True***
- *False*

Q7: Coface is both an insurer and a country risk analysis company that provides ratings and rankings.

- ***True***
- *False*

Q8: Rating agencies such as Moody's, Fitch, Coface, INCRA, Dagong, and S&P's are reliable sources of early warning of mounting country risk volatility!

- *True*
- ***False***

Q9: Is China's soft economic landing working in 2022? Since 2014, China's economic and monetary authories initiated a rebalancing strategy of the country's economic growth driving engines, by boosting private consumption with lending surge, hence relying less on fixed investment and export revenues. Yet much of the riskiest credit, incuding loans to local governments, property developers and coal miners, has migrated to the shadow banking system, increasing the risk of a looming financial crisis.

- ***True***
- *False*

Q10. China's growth is projected to slow in 2022, about to reach 4% at most, according to a number of forecasts (Goldman Sachs, IMF, WB, Brookings, OECD). Meanwhile, India's growth is to reach around 7,5%!

- ***True***
- *False*

Q11. What Bouchet calls "Hyperfinance" is the byproduct of deregulation and globalization of the financial system since the 1980s. The "too big to fail" systemic risk stems from the rising share of banking assets in GDP, well above 200% in most developed and developing countries, including the EU, China and in Japan.

- ***True***
- *False*

Q12. The IMF's latest 2022 World Economic Outlook is rather bearish regarding global growth forecast, i.e., 6.1 percent in 2021 and declining to 3,2 percent in 2022, due to geopolitical and commodities uncertainties.

- ***True***
- *False*

Q13: Despite the global financial crisis, the number of countries that enjoy a Triple A rating from rating agencies keeps increasing, currently reaching 25.

- *True*
- ***False***

Q14- Russia's invasion of Ukraine has sent food, energy and other commodity prices soaring, increasing the strains on African economies already hard hit by the Covid-19 pandemic. But Europe's gas and oil imports will improve the export revenues in several countries such as Congo, Kenya, and South Africa!

- ○ *True*
- ○ ***False***

Q15: Over the 2010 decade until 2021, developed countries have boasted substantial current account surpluses, around $300 billion annually, thanks to the Euro area and Japan, despite the large US structural deficit that has grown to more than $800 billion in 2021. In 2022, however, advanced economies are back in deficit!

- ○ ***True***
- ○ *False*

Q16. Bonus point: Who is Germany's current president?

- **Olaf Scholz**
- Frank-Walter Steinmeier
- Joachim Gauck

SESSION 1.1: What is risk? What is uncertainty?

TEST 2: Check your understanding of the historical emergence of risk taking: the various stances of Keynes, Knight, Mandelbrot, Stiglitz, Taleb, and Krugman regarding risk.

Q1. Keynes emphasizes the non-linear nature of risks and the danger of expecting the future as simple projection of the past, adding the role of animal spirits in volatility spill-over and herd behavior!

- ***True***
- *False*

Q2. Knight in 1921 stipulates that Risk stems from a deficit of information, hence randomness of results.

- ***True***
- *False*

Q3. Following Mandelbrot, Nassim Taleb concludes that major catastrophes are just events that started small and did not stop growing to develop into extreme sizes. These events are unpredictable, in the sense that the final size of a future event cannot be forecasted in advance

- ***True***
- *False*

Q4. Minsky considers that global risks can be mitigated by the spontaneous adjustment and self-regulation of financial markets.

- *True*
- ***False***

Q5. Stiglitz concludes that in the long-run market globalization reduces wealth gaps within and between countries.

- *True*
- ***False***

Q6. Krugman analyzed a number of market crises in Mexico (1994), in Asia (1998), in the US and in Europe (2008-2012) concluding that market globalization generates volatile capital flows, speculation, deregulation, and costly socio-economic disruption.

- ***True***
- *False*

Q7. Ulrick Beck stresses the emergence of a Global risk society where current decisions and technological developments trigger long-term global impact, including warming, terrorism, pollution, and financial deregulation.

- ***True***
- *False*

Q8: According to Alvin Harvey Hansen (Harvard University), the risk of secular stagnation is the byproduct of negative structural forces in the aftermath of the deep recession of the early 1930s

- ***True***
- *False*

Q9: In a nutshell, the neo-Keynesian schools emphasizes the following key points: No self-correction of markets, hence risk of protracted depression; Governments must inject extra spending to provide stimulus and shorten level and duration of crisis (multiplier); Markets need regulation to correct unequal income and wealth distribution and to promote sustainable full employment; and financial intermediation must be regulated to provide long-term financing to the real economy.

- ***True***
- *False*

Q10: Stiglitz, Sachs, Krugman, and Dani Rodrik consider that there is a positive loop between openness to global capital flows, higher capital efficiency North-South, technology spillover, and financial market liberalization, all leading to dynamic foreign direct investment, hence higher GDP.

- *True*
- ***False***

Q11: J. Stiglitz and P. Krugman consider that Globalization increases instability and volatility, makes countries more vulnerable to external shocks, reduces long-term growth, and increases poverty, hence socio-political turmoil.

- *True*
- ***False***

SESSION 2: The key components of Country Risk and the main types of Risk exposure

QUIZ 3-The key components of Country Risk in the globalization

Q1: In a nutshell, Country Risk is mainly composed of financial risk!

- *True*
- ***False***

Q2: When looking at long-term macroeconomic growth projections, the three winners are Germany, Japan, and the US!

- *True*
- ***False***

Q3: To sum up, Country Risk is actually only a matter of concern for foreign creditors and bondholders!

- *True*
- ***False***

Q4: Risk rating agencies play a key role in assessing risk but also in worsening country risk due to spill-over effect.

- ***True***
- *False*

Q5. Country Risk boils down to debt payment default!

- *True*
- ***False***

Q6: Domestic economic agents also face Country Risk that stems from inflation, negative real rates of interest, abrupt devaluation, and socio-political turmoil.

- ***True***
- *False*

Q7: Exporters are exposed to a number of risks, including payment delays, capital controls, customs bribes, and exchange rate devaluation!

- ***True***
- *False*

Q8: Since the global financial crisis, with a weak and uneven recovery, one still faces the prospect of long-term stagnation. In 2022, nominal global GDP of $103,000 was still lower than in 2019!

- *True*
- ***False***

Q9: For GEGPA students, it is crucial to understand the trend volatility in economic and trade globalization since the late 1990s. In 2020, the global trade openness index, that is, the ratio of total exports to global GDP, dropped to only 25,8% though gradually recovering to a meager 30% in 2022, with strong economic, financial, and geopolitical uncertainties!

- ***True***
- *False*

*S*ESSION 2.1: Country Risk and rising wealth gap within and between nations

TEST 4: Country risk and wealth gaps

Q1: According to the 2022 World Bank threshold, extreme poverty is defined at around $2,15/day

- ***True***
- *False*

Q2: All in all, the GINI index of revenue inequality has worsened for many OECD countries since the global financial crisis (including France)

- ***True***
- *False*

Q3: Overall, secular stagnation is the byproduct of negative structural forces as described by Alvin Harvey Hansen (Harvard University) in the aftermath of the deep recession of the early 1930s

- ***True***
- *False*

Q4: Since the mid-1980s and the worldwide extension of the market economy, one faces an unprecedented distortion in value-added distribution in developed countries due to the rising share of profits in GDP and the falling share of wages: income equality has worsened!

- ***True***
- *False*

Q5. According to Bouchet, Hyperfinance's emergence in the 1980s coincides with the shrinking share of income for capital owners and top executives, hence improving income gaps!

- *True*
- ***False***

Q6. Though the global economic catch up of developing countries is still a bit of a myth, their share in global GDP currently in 2022 is nearly 58% (and only 42% for 38 developed countries), though their share of exports remains less than 39%.

- ***True***
- *False*

SESSION 3: Country risk assessment: Information & Economic intelligence gathering

TEST 5: What are the main sources of information regarding Country risk assessment?

Q1: The Bank of International Settlements (BIS) provides key sources of Country risk intelligence including its International Banking statistics (quarterly) and the Annual BIS report

- ***True***
- *False*

Q2: The BIS, the IMF and the OECD are crucial sources of information regarding real effective exchange rates fluctuations!

- ***True***
- *False*

Q3: The Paris Club is an ad-hoc forum of debt negotiations between OECD country creditors and sovereign debtors. It only deals with official or officially guaranteed credits (Coface, Hermes, ECGD, SACE, US Eximbank…).

- ***True***
- *False*

Q4: The UNDP provides GEGPA CIFE students with the annual human development index that measures corruption in developing countries

- *True*
- ***False***

Q5: GEGPA CIFE students can find in the World Bank's Doing Business index a comprehensive and highly reliable measure of the business, governance, and regulatory conditions in 190 countries.

- *True*
- ***False***

Q6: At COFACE, country risk analysis is expressed in a rating/ranking format but based on a qualitative analysis aimed at integrating the socio-political and economic specificities of each country.

- ***True***
- *False*

Q7: PRS (Political Risk Services) has developed since the mid-1980s a comprehensive measure of country risk for 150 countries, including its economic, socio-political, and financial components, namely ICRG (International Country Risk Guide).

- ***True***
- *False*

SESSION 4: Country risk assessment Methodologies –Balance of payments analysis

TEST 6: Understanding the balance of payments in country risk assessment

Q1: The BOP is the accounting record of all economic and financial flows that take place between residents of the reporting country and the rest of the world

- ***True***
- *False*

Q2: Changes in the stock of reserve assets, emergency financing, payment arrears… or debt default, will balance the national accounts!

- ***True***
- *False*

Q3: IFIs are always considered domestic residents while tourists are foreign residents if they stay in the reporting country > 1 year

- *True*
- ***False***

Q4: A country that saves > it invests at home sends its surplus abroad to purchase foreign assets or it increases its official reserve assets

- ***True***
- *False*

Q5: The Current account is supposed to play a role similar to a private company's income statement, i.e., a country's economic performance vis-à-vis the rest of the world. The current account, thus, captures the long-term dynamism of developed and developing economies.

- *True*
- ***False***

Q6: A trade imbalance is always rooted in low savings and excessive domestic spending (absorption).

- ○ *True*
- ○ ***False***

Q7: Non-financial services include Freight, insurance, passenger services, tourism, and travel.

- ○ ***True***
- ○ *False*

Q8: Investment income excludes income derived from the ownership of foreign financial assets (interest and dividends for portfolio investment)

- ○ ***True***
- ○ *False*

Q9: Private unrequited transfers refer mainly to immigrant workers' remittances to their country of origin as well as gifts, inheritances, and charitable contributions.

- ○ ***True***
- ○ *False*

Q10: Over the 2010 decade until 2021, developed countries have boasted substantial current account surpluses, around $300 billion annually, thanks to the Euro area and Japan, despite the large US structural deficit that has grown to more than $800 billion in 2021. In 2022, however, advanced economies are back in deficit!

- ○ ***True***
- ○ *False*

SESSION 5: Assessment Methodologies – Capital account, external financing and Country Risk

TEST 7: Understanding the role of balance of payments in external deficit and debt crisis!

Q1: External financing sources include LT debt, equity/FDI, international borrowing in the capital markets (Eurobonds, Eurocredits), official financing, ODA, and short-term flows

- ***True***
- False

Q2: A country's official reserves include hard currency assets + Monetary gold (gold held by the authorities as a financial asset) + SDRs

- ○ ***True***
- ○ *False*

Q3: Net errors and omissions (E&Os) are statistical gaps involved in gathering balance of payments data. Other sources of E&Os are leads and lags in trade flows, underinvoicing of exports, overinvoicing of imports, and undeclared short-term capital movements, i.e., capital flight!

- ○ ***True***
- ○ *False*

Q4: Special drawing rights (SDRs) are reserve assets created by the United Nations and the World Bank. They are credited to the accounts of member countries according to national quotas

- *True*
- ***False***

TEST 8: Check your understanding of external financing, liquidity and solvency ratios

Q1: Gross Capital Inflows = Long-term + Short-term capital flows, while Net Flows = Gross Inflows - Debt Repayments

- ***True***
- False

Q2: Net Transfers are equal to Net Flows + Interest Payments

- ***True***
- *False*

Q3: The Solvency ratio Debt/GDP must always > 75% while the Debt/Exports ratio must always be > 150%

- *True*
- ***False***

Q4: Liquidity = The Debt Service ratio must remain < 33% of export revenues!

- ***True***
- *False*

Q5: Stabilizing solvency ratios requires a diversified export base, diversified markets as well as long-term debt maturities and no currency mismatch!

- ***True***
- *False*

Q6: Emerging markets and developing economies have managed to stabilize their financial account balances between 2010 and 2020, shifting to a substantial surplus in 2020-22, mainly due to rising commodity prices and despite shrinking direct investment inflows!

- ***True***
- *False*

SESSION 5.1: Country Risk and Debt Restructuring

TEST 9: Understanding the complexity of external debt negotiations

Q1: Private sources of external financing include FDI, Portfolio Investment, London Club (International bank loans), Working capital lines, ST Trade credits, as well as Bonds & International debt securities

- ***True***
- False

Q2: Default, Debt cancellation, and Payment Arrears are also external deficit financing sources!

- ***True***
- *False*

Q3: In 2022, Greece 's Debt/GDP ratio is still close to 190% while the Euro area average is 95%

- ***True***
- *False*

Q4: In 2022, the combination of higher interest rates together with uneven growth (and volatile trade and investment) and higher oil and commodity prices, increases the threat of large-scale defaults

- ***True***
- *False*

Q5: Official bilateral debt (government to government) is renegotiated under the auspices of the Paris Club since 1956. As of today, the 21 Paris Club creditors have reached 433 agreements concerning 90 debtor countries, roughly $590 billion.

- ***True***
- *False*

Q6: Though the Paris Club includes mainly OECD countries, Russia joined in 1997 and Brazil in end-2016, as sizeable lender in African countries such as Nigeria, Angola and Mozambique.

- ***True***
- *False*

Q7: The Paris Club preserves the comparability of treatment between different creditors: The debtor country cannot grant to another creditor a treatment less favourable for the debtor than the consensus reached in the Paris Club.

- ***True***
- *False*

Q8: Since the 1970s, countries facing default have used the London Club process to restructure sovereign debt owed to banks. The London Club has evolved as an ad hoc forum for restructuring negotiations. Each London Club is formed at the initiative of the debtor country and is dissolved when a restructuring agreement is signed.

- ***True***
- *False*

Q9: The Institute of International Finance, Inc. (IIF), is the world's only global association of financial institutions. Created in 1983 in response to the international debt crisis (with Bouchet as Senior Economist ☺), the IIF represents a key source of Country risk intelligence.

- ***True***
- *False*

Q10: The US government debt to GDP ratio in 2022 is around 123% while that of Japan is still higher, namely 250%, but these two countries can borrow and repay in their own currencies, a formidable privilege, while the debt of Japan is mainly held by national residents!

- ***True***
- *False*

SESSION 6: Assessment Methodologies - Political risk analysis

TEST 10: Where does political turmoil come from?

Q1: Sustained economic growth remains the single most important determinant of rising societal living standards. GDP growth has led to higher living standards for millions of people in EMCs, particularly in India & China, though with a growing wealth gap!

- ***True***
- *False*

Q2: According to S. Huntington's "Political order in changing societies", violence and instability stem from rapid social change and the mobilization of new groups into politics coupled with the slow development of political institutions. The primary problem of politics is the lag in the development of political institutions behind social and economic change.

- ***True***
- *False*

Q3: Aging will reduce aggregate annual economic growth by almost one percentage point in 2020-25 in both developed and emerging market economies, due to shrinking labor force, decline in household savings rates, and falling fertility rates. However, this declining trend does not affect countries such as Germany, Russia, Japan, and China.

- *True*
- ***False***

Q4: In the US the labor force participation rate (share of working population in total population) is dropping to around 63%, back to its level in the mid-1970s.

- ***True***
- *False*

Q5. In China, despite the aging process in China's population, the working age population keeps increasing and the demographic dynamics will sustain economic growth at least till 2050.

- *True*
- ***False***

Q6. In the US, about 75% of total employment is at risk of being replaced by machines over the next two decades, with desastrous impact on low-skilled jobs.

- ***True***
- *False*

Q7: According to Daniel Bell, polarization and social tensions between work and consumption create social pressures: capitalism is inherently instable!

- ***True***
- *False*

Q8: Political risk includes the following threats: Contract repudiation, capital controls, currency inconvertibility, sham contracts and bribery, corruption, blocked funds, ideological shift, political upheaval, strikes, expropriation, nationalization, coup d'état, martial law, and revolution!

- ***True***
- *False*

Q9: Freedom House publishes an annual assessment of the state of freedom in all countries in the world, based on a checklist of questions on political rights and civil liberties

- ***True***
- *False*

Q10: TRANSPARENCY INTERNATIONAL's CPI measures long-term socio-economic development variables of both industrial and developing countries.

- *True*
- ***False***

Q11: Bouchet defines sustainabledevelopment as Economic growth + those conditions that make growth sustainable over the long-term, that is, life expectancy, education, health, infrastructure, institutions, and good governance

- ***True***
- *False*

SESSION 7: Assessment Methodologies : Ratings and Rankings

TEST 11: Risk Ratings and crisis prediction: Test yourself on the accuracy and usefulness of risk rating agencies!

Q1: EUROMONEY's Rating includes a 75% weight for political risk!

- *True*
- ***False***

Q2: The International Country Risk Guide (ICRG) rating comprises 22 variables in three subcategories of risk: political, financial, and economic, for roughly 140 countries.

- ***True***
- *False*

Q3: Governance is based on Corruption, Regulatory framework, Business conditions, Transparency, as well as Corporate and sovereign rules and regulations.

- ***True***
- *False*

Q4. Overall, looking at a number of sovereign debt crises, one can conclude that rating agencies (i.e., Moody's, Fitch, S&P's) have sent reliable and helpful early warning signals!

- *True*
- ***False***

Q5: The annual HDI is published by the UNDP. It is a composite index measuring average achievement in three basic dimensions of human development-a long and healthy life, knowledge and a decent standard of living.

- ***True***
- *False*

Q6: Institutional Investor publishes a semi-annual Rating of 179 countries' creditworthiness based on survey of 100 leading international bankers

- ***True***
- *False*

Q7: Despite the global financial crisis, the number of countries that enjoy a Triple A rating from rating agencies keeps increasing, currently reaching 25.

- *True*
- ***False***

Q8: PRS (Political Risk Services) has developed since the mid-1980s a comprehensive measure of country risk for 150 countries. Institutional stability is measured by various indices such as government stability, investment climate, corruption, as well as internal and external conflict.

- ***True***
- *False*
-

SESSION 8: Country Risk mitigation strategies

TEST 12: Check your understanding regarding managers' risk mitigating options

Q1: National and international private and public insurance agencies such as OPIC, MIGA, Platus, Lloyds, Berne Union (ECAs), Hiscox, COFACE… provide insurance coverage against political risk

- ***True***
- *False*

Q2: The ICSID is the International Center for the Settlement of investment disputes. It represents an autonomous international institution established under the Convention on the Settlement of Investment Disputes with 155 signatory States. The multilateral treaty was formulated by the Executive Directors of the World Bank. It entered into force on October 14, 1966

- ***True***
- *False*

Q3: OPIC is the Overseas Private Investment Corporation: Independent US Federal government agency in Washington, D.C., that provides political risk insurance to encourage and assist US private investment in 160 developing nations.

- ***True***
- *False*

Q4*: MIGA (established in 1988) is the investment insurance affiliate of the World Bank. It promotes the flow of capital and technology into developing countries by providing political risk insurance against non-commercial risks (currency transfer restriction, expropriation, breach of contract, war and civil disturbance) and technical assistance.*

- **True**
- False

SESSION 9: CONCLUSION: Country Risk - In search of early warning indicator

TEST 13: Check your understanding of the links between corruption, governance and Country Risk

Q1: Clearly, the 1998 Asian crisis was anticipated by rating agencies that downgraded the Asian countries well before the sharp devaluation and the banking crises.

- *True*
- **False**

Q2: Capital flight in both developed and emerging market countries respond to underlying both push and pull forces

- ***True***
- *False*

Q3: Capital flight is an elusive concept and by definition cannot be measured given that private capital outflows use illegal channels.

- *True*
- ***False***

Q4: Capital flight can be tackled by focusing on private deposits in internatinal banks

- ***True***
- *False*

Q5: A reliable source to assess and measure private capital outflows comes from the Basel-based Bank for International Settlements

- ***True***
- *False*

SESSION 9.1. Country risk seminar: Wrap up Session!

FINAL TEST 14: Overall check of your understanding of the whole issue of Country Risk Assessment

Q1: In the most recent corruption perception ranking of Transparency International of 180 countries in 2021, Brazil and India have better rankings than China!

- True
- ***False***

Q2: Since the mid-1980s and the worldwide extension of the market economy, one faces an unprecedented distortion in value-added distribution in developed countries due to the rising share of profits in GDP and the falling share of wages: income equality has worsened!

- ***True***
- *False*

Q3: All in all, assessing Country Risk requires a combination of market consensus (rating agencies), macroeconomic analysis, balance of payments analysis: liquidity & solvency, socio-political analysis, business environment (corruption, bureaucracy, institutions, transparency), and Economic Intelligence!

- ***True***
- *False*

Q4: Coface is both an insurer and a country risk analysis company that provides ratings and rankings.

- ***True***
- *False*

Q5. Overall, looking at a number of sovereign debt crises, one can conclude that rating agencies (i.e., Moody's, Fitch, S&P's) have sent reliable and helpful early warning signals!

- *True*
- ***False***

Q6: In the BOP, non-financial services include freight, insurance, passenger services, tourism, and travel.

- ***True***
- *False*

Q7: In the BOP, private unrequited transfers refer mainly to immigrant workers' remittances to their country of origin as well as gifts, inheritances, and charitable contributions.

- ***True***
- *False*

Q8: The Institute of International Finance is the world's global association of financial institutions. Created in 1983 in response to the international debt crisis (with Bouchet as Senior Economist ☺), the IIF represents a key source of country risk intelligence.

- ○ ***True***
- ○ *False*

Q9: The "Paris Club" is a forum of Debt restructuring negotiations between developing countries and OECD developed country governments

- ***True***
- *False*

Q10: In the BOP, interest payments on external debt can be found in the financial account!

- ○ *True*
- ○ ***False***

Q11: A reliable source to assess and measure private capital outflows comes from the Basel-based Bank for International Settlements

- ○ ***True***
- ○ *False*

Q12: According to Daniel Bell, polarization and social tensions between work and consumption create social pressures: capitalism is inherently instable!

- ○ ***True***
- ○ *False*

Q13. Overall, looking at a number of sovereign debt crises, one can conclude that rating agencies (i.e., Moody's, Fitch, S&P's) have sent reliable and helpful early warning signals!

- ○ *True*
- ○ ***False***

Q14*:* MIGA (established in 1988) is the investment insurance affiliate of the World Bank. It provides investors political risk insurance against non-commercial risks (currency transfer restriction, expropriation, breach of contract, war and civil disturbance).

- ○ **True**
- ○ False

Q15: Stabilizing solvency ratios requires a diversified export base, dynamic markets as well as long-term debt maturities and no currency mismatch!

- ○ ***True***
- ○ *False*

Q16: The most recent corruption perception ranking of Transparency International of 180 countries in 2021 shows that France does not manage to fight corruption efficiently, given that its ranking remains stubbornly at around 22, well below that of Japan, UK, Germany, Belgium, and Scandinavia!

- ○ ***True***
- ○ *False*

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Q17- Russia's invasion of Ukraine has sent food, energy and other commodity prices soaring, increasing the strains on African economies already hard hit by the Covid-19 pandemic. But Europe's gas and oil imports will improve the export revenues in several countries such as Congo, Kenya, and South Africa!

- *True*
- ***False***

Q18: PRS (Political Risk Services) has developed since the mid-1980s a comprehensive measure of country risk for 150 countries. Institutional stability is measured by various indices such as government stability, investment climate, corruption, as well as internal and external conflict.

- ***True***
- *False*